

LIMITED AUTHORITY TO PAY BY PURCHASE CARD

- 1. REASON FOR ISSUE:** To establish policy for the assignment of “payment only” authority to individuals who are not warranted contracting officers to use purchase cards to pay for task or delivery orders above \$2,500 that are issued under locally or regionally awarded contracts.
- 2. SUMMARY OF CONTENTS:** VA Directive 7401.6 contains policy regarding VA’s program to delegate individuals who are not warranted contracting officers “payment only” authority to use purchase cards to make payments in excess of \$2,500.
- 3. RESPONSIBLE OFFICES:** Acquisition Resources Service (049A5A), Office of Acquisition and Materiel Management, and Electronic Business Solutions Staff (047E3), Office of Financial Operations.
- 4. RELATED HANDBOOK:** VA Handbook 7401.6, Limited Authority to Pay by Purchase Card.
- 5. RESCISSION:** None.

CERTIFIED BY:

**BY DIRECTION OF THE SECRETARY
OF VETERANS AFFAIRS:**

/S/

Edward F. Meagher
Acting Assistant Secretary
for Information and Technology

/S/

William H. Campbell
Assistant Secretary
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LIMITED AUTHORITY TO PAY BY PURCHASE CARD

1. PURPOSE. This directive supplements Part 801 of the Department of Veterans Affairs Acquisition Regulation (VAAR). It provides Department-wide guidance and policy on VA's program to allow individuals who are not warranted contracting officers to be delegated "payment only" authority to use purchase cards to make payments in excess of \$2,500 for task or delivery orders that are issued under locally or regionally awarded contracts. Use of this program is optional.

2. POLICY

a. As stated in Federal Acquisition Regulation (FAR) Section 1.601(a), contracts may be entered into and signed on behalf of the Government only by contracting officers. Most purchase cardholders in the Department of Veterans Affairs (VA) are delegated contracting officer authority up to the micro-purchase level of \$2,500 (\$2,000 for construction). Purchase cardholders must not make commitments that exceed their delegated level of authority.

b. However, under VA Acquisition Regulation (VAAR) 801.603-70(a)(3), contracting officers may designate another Government employee to act as the contracting officer's representative (COR) and to place oral or other informal delivery orders against locally (or regionally) awarded indefinite delivery-type contracts (e.g., bread, milk, and ice cream contracts) for which funds have been obligated (normally on a VA Form 1358, Estimated Miscellaneous Obligation or Change in Obligation). The delegation must be in writing, must define the scope and limitations of the representative's authority, and will be addressed to the representative, with a copy to the contractor. This delegation may be included in and made a part of the contract itself rather than being issued as a separate letter. Only the contracting officer who awarded, or who is administering, the specific contract in question can issue the delegations, and the delegations are not redelegable.

c. Currently, under the above VAAR procedure, an individual who is delegated as a COR can place delivery orders under a specific contract, usually with no dollar limitation. If the COR has also been issued a purchase card, the COR could pay for the goods or services ordered under the delegation of authority, but only up to the limits of the COR's separate purchase card delegation, usually \$2,500. All payments over that amount must currently be paid via invoice and check. However, it would be beneficial to the Department if a COR could make the payment using a purchase card regardless of the dollar value of the order. VA Directive and Handbook 7401.6 will allow the COR to make payments exceeding \$2,500, provided the COR is delegated "payment only" authority by the head of the contracting activity (HCA). Delegation of this authority is optional at the discretion of the HCA.

(1) A COR who is not a warranted contracting officer but who is delegated "payment only" authority by the HCA may use the purchase card for payments exceeding \$2,500 only under locally or regionally awarded contracts. There must be a contractual commitment in place. A contractual agreement may include an indefinite delivery task or delivery order contract issued against a Federal Supply Schedule (FSS) contract or a locally or regionally awarded contract committing the Government to specific quantities or periods of performance and signed by a contracting officer (a blanket purchase agreement (BPA), basic order agreement (BOA), or basic agreement (BA) are not contractual agreements). The contract may be either a requirements contract, with a stated maximum quantity or dollar value, or an indefinite delivery contract with stated maximum and minimum quantities or dollar values. The contracting officer may be at a remote location (e.g., the Veterans Integrated Service Network (VISN) office or VA Central Office).

(2) Purchase cardholders who are not further warranted as contracting officers above the micro-purchase level may not place orders exceeding \$2,500 against FSS contracts, BPAs, BOAs, or BAs. Before an individual can commit the Government, the individual making a commitment must have authority to do so (be warranted as a contracting officer, purchase cardholder, or, under VAAR 801.603-70(a)(3), delegated as a COR). Any task or delivery order placed under a FSS contract, where there is no corresponding locally awarded contract, is a new contract for which the person placing the order must have appropriate warranted authority. BPAs, BOAs, and BAs are not contracts and individuals who issue purchase orders against such agreements must also have appropriate warranted authority. A contracting officer who signs a BPA, BOA, or BA cannot delegate anyone else as the COR under such an agreement because there is no contractual commitment in place and that contracting officer has no authority to delegate further contracting officer or COR authority under the original contract. However, if a local or regional contractual commitment is established, then the contracting officer on that contract can delegate a COR.

d. A purchase card may not be used for payment under a particular contract using the procedures of VA Directive 7401.6 unless the contract specifies that payment may be made using a purchase card. Contracting officers may amend contracts to provide for payment by purchase card if the contractor agrees.

e. Under VA Directive and Handbook 7401.6, individuals may be delegated "payment only" authority to use a Government purchase card to pay invoices in excess of \$2,500 for the receipt of goods or services ordered by a delegated COR under established local or regional contracts. Single authorization and monthly spending limits shall be placed on the purchase card consistent with the needs of the VA facility and the fund control limits of the using service involved.

3. RESPONSIBILITIES

a. **Head of the Contracting Activity (HCA).** The HCA is responsible for, and may delegate, “payment only” purchase card authority to individuals who are not warranted contracting officers. The HCA is responsible for ensuring that cardholders and approving officials are trained in the use of the card for “payment only” transactions. In addition, the HCA, in conjunction with the Chief, Fiscal Service, and the purchase card program coordinator, is responsible for ensuring that “payment only” purchase cardholders are audited in accordance with VA Directive 4080, Government Purchase Card Policy, VA Handbook 4080, Government Purchase Card Procedures, and, if applicable, Veterans Health Administration (VHA) Directive 1730.1, Use of the Government Purchase Card in VHA, for compliance with applicable policy and procedures.

b. **Chief, Fiscal Service.** The Chief, Fiscal Service, is responsible for all financial aspects of the purchase card payment program. The Chief, Fiscal Service, in conjunction with the HCA and the purchase card program coordinator, is responsible for ensuring that “payment only” purchase cardholders are audited in accordance with VA Directive 4080, Government Purchase Card Policy, VA Handbook 4080, Government Purchase Card Procedures, and, if applicable, Veterans Health Administration (VHA) Directive 1730.1, Use of the Government Purchase Card in VHA, for compliance with applicable policy and procedures.

c. **Purchase Cardholder.** The purchase cardholder is responsible for placing orders against locally and regionally awarded contracts as authorized and as necessary, for compliance with the limits of the cardholder’s delegations of authority, for payment of invoices using the purchase card, and for reconciling transactions in accordance with standard purchase card procedures.

d. **Contracting Officer.** The contracting officer is responsible for designating individuals in writing as CORs as he or she determines necessary. Unless the contracting officer intends to place all delivery or task orders under a contract, he or she must designate other individuals in writing or in the contract as CORs or Contracting Officer’s Technical Representatives (COTRs) with authority to place orders.

e. **Chief of the Service.** The Chief of the using service involved is responsible for ensuring that the purchase cardholders under his or her supervision comply with the requirements of VA Directive and Handbook 7401.6, Limited Authority to Pay by Purchase Card, and all other applicable regulations covering the purchase card program.

f. **Other Responsibilities.** The responsibilities of other individuals involved with the Department's purchase card program, such as the approving official, are as shown in VA Directive 4080, Government Purchase Card Policy, VA Handbook 4080, Government Purchase Card Procedures, VHA Handbook 1730.1, Government Purchase Card Program in VHA (as applicable), the VA Purchase Card Procedures Guide, and other applicable VA guidance.

4. REFERENCES

a. Department of Veterans Affairs Acquisition Regulation Subpart 801.6, Career Development, Contracting Authority, and Responsibilities.

b. Federal Acquisition Regulation Subpart 1.6, Career Development, Contracting Authority, and Responsibilities.

c. VA Directive and Handbook 4080, Government Purchase Card Procedures.

d. VA Purchase Card Procedures Guide.

e. Veterans Health Administration Handbook 1730.1, Use of the Government Purchase Card in VHA.